WASHINGTON -- Congresswoman Linda Sánchez, Chairwoman of the House Judiciary Subcommittee on Commercial and Administrative Law (CAL), issued the following opening statement today at the CAL Subcommittee legislative hearing on H.R. 3010, the "Arbitration Fairness Act of 2007." The bill would deem invalid and unenforceable arbitration agreements in an employment, consumer, or franchise context and between parties of unequal bargaining power if both parties to the dispute do not voluntarily agree to arbitrate the claim after the dispute arises.

"Several months ago, this Subcommittee held an oversight hearing on the Federal Arbitration Act. At our hearing, we learned through testimony about the history of arbitration and the reasons that Congress felt it wise to promote it through the FAA. Congress wanted to free up the courts from an increasingly heavy docket, to place arbitration agreements on the same footing as contracts, and to encourage arbitration between businesses possessing equal bargaining powers. We learned how the use of arbitration has evolved since 1925, and how its use has expanded today. We also learned from the testimony that although arbitration may offer some benefits for parties to a dispute, an increasing number of businesses and employers have begun to utilize arbitration to their advantage and thus, to the distinct disadvantage of consumers, employees, and others.

"Now, several months later, we hold this legislative hearing on H.R. 3010: the Arbitration Fairness Act of 2007, which our esteemed colleague from Georgia, Rep. Hank Johnson, introduced shortly after our June hearing. H.R. 3010 seeks to amend the Federal Arbitration Act to require that agreements to arbitrate employment, consumer, franchise, or civil rights disputes may be valid and enforceable only if they were made voluntarily and after the dispute had arisen.

"Arbitration was never intended as a tool to advantage one side over the other in a dispute. To be a respected and reasonable alternative to the courts, arbitration must provide a level and fair playing field. But since our June hearing, several reports have been issued revealing how arbitration favors businesses, employers, and securities firms. These reports do not paint a rosy picture for fairness in arbitration. However, we hope to elicit more testimony today on the accuracies of these reports to help us determine whether H.R. 3010 is needed legislation.

"Finally, during our June hearing on this issue, the Ranking Member on this Subcommittee, Mr. Cannon, stated that we should review proposals to restrict the freedom of contract cautiously. I concur with Mr. Cannon's statement but also firmly believe that we should thoroughly review any process, such as arbitration, that may restrict constitutional and statutory rights, and that may cement any unfair advantages at the expense of consumers and particularly, employees.

"Today we gather to hear testimony from several individuals with knowledge of the arbitration process. I want to emphasize that today's testimony is very important for our understanding of the legislation. Accordingly, I look forward to hearing today's testimony and welcome a thorough discussion of the issues and legislation."